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Chronic

27 June 1962

MEMORANDUM FOR: The Comptroller

**SUBJECT: Comments for the Bureau of the Budget
on Certain Agency Budgeting Practices**

1. At the request of The Comptroller, the following answers are provided for those Bureau of the Budget questions involving the DD/R. In general, it may be said that all of these questions arise from past practices. Until recently there was no National Reconnaissance Office. The charter of the recently activated NRO clearly places the responsibility for providing satisfactory management of all the problems which are raised in Tab 5 of the Bureau of the Budget paper. Unfortunately, this office is just beginning to be formed and its modus operandi is still somewhat uncertain. The Bureau of the Budget has just recently seen the charter of the NRO and may not have been fully cognizant of its contents at the time of preparation of this Tab.

2. Tab 5, 1. Community Wide Issues, Subsection a, Overhead reconnaissance collection:

a. The question is raised here concerning the large number of different sensor platforms for satellite systems and suggests possible duplication. One of the main responsibilities of the recently activated National Reconnaissance Office (NRO) is to determine the U.S. program for various platform and sensor combinations to satisfy overhead reconnaissance intelligence requirements as formulated by USIB. The DNRO will assign to either CIA or DoD the development and operation of the desired systems. This should provide a central evaluation of the many systems currently under consideration and the development of and direction over a single U.S. program employing the most advanced state of the art.

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b. The question is raised concerning the correlation of ground processing equipment with sensor payload system development. While this section should be answered by the DD/I it also is really part of the NRO program. The DNRO is clearly charged with the responsibility of keeping all processors, i.e. NPIC and NSA, informed of forthcoming developments in sufficient time to allow ground processing equipment to be available. The DNRO is also responsible for proper format of collected data. It is presently planned to have NPIC and NSA personnel assigned full time to the NRO to facilitate this correlation.

c. The question is raised concerning the number of missions required for overhead reconnaissance. The intelligence requirements are determined by USIB, through the use of its Committee on Overhead Reconnaissance. These community requirements are forwarded through COMOR to the NRO, which is charged with selecting that reconnaissance system which will meet them in the most expeditious and satisfactory manner.

3. Tab 5, 2. Issues Within Particular Agencies, Subsection a, Overhead Reconnaissance collection:

a. This section raises the question of the limited program funding flexibility of the CIA in managing such large programs as are required for overhead reconnaissance capabilities. Until FY 63 there had been split funding for these systems between DoD and CIA, which required certain fund transfers. Beginning with FY 63 the CIA is to budget for all covert system development. However, major accelerations in the CIA development program will require additional fund transfers in FY 63 even under the new budget system. The Agency is taking steps to provide more realistic funding for these large systems in FY 64 and beyond. All the programs and funds which the Agency budgets for this purpose are, of course, at the direction and under the approval of the DNRO. Increased funds which are required because of DNRO decisions concerning Agency

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programs will of necessity be provided for by the DoD. By
FY 64 this should be required only in exceptional cases.

Signed Herbert Scoville, Jr.,

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Deputy Director
(Research)

DD/R:EBGiller:mh (27 Jun 62)

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